

**EXECUTIVE AGENCY  
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 1, 2017

Agency Submitting: State Department of Conservation and Natural Resources, Division of Environmental Protection

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2016-17</b>	<b>Fiscal Year 2017-18</b>	<b>Fiscal Year 2018-19</b>	<b>Effect on Future Biennia</b>
Expense (Expense)		\$1,480,294	\$1,299,271	\$1,299,271
Loss of Revenue (Revenue)		(\$255,208)	(\$246,870)	(\$246,870)
Total	0	(\$1,735,502)	(\$1,546,141)	(\$1,546,141)

Explanation

(Use Additional Sheets of Attachments, if required)

The NDEP has reviewed this bill and determined that there is a fiscal effect. Please see Exhibit 1 and two related attachments.

Name Jennifer Carr

Title Deputy Administrator

**GOVERNOR'S OFFICE OF FINANCE COMMENTS**

Date Friday, March 24, 2017

The agency's response appears reasonable.

Name Paul Nicks

Title Budget Officer

## DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: BDR 32-201 / AB 289

Name of Agency: Environmental Protection

Division/Department: Conservation and Natural Resources

Date: 3/17/17

### 1) Estimated Fiscal Effect for the Bureau of Mining Regulation and Reclamation:

#### ***Sections 10-14, 16, & 24 Related to NRS 445A***

Groundwater protection permit applications are highly technical in nature and require thorough scientific and engineering review to ensure that they comply with applicable regulations and protect waters of the State. This bill pertains to permitting for “smelting, processing, or refining of ores or metals”, so it is important to understand that processing and refining of ores or metals constitutes the majority of the work conducted by the Bureau of Mining Regulation and Reclamation (BMRR) Regulation Branch groundwater protection permitting program.

During calendar year 2016, the Regulation Branch was able to keep up with permit modifications but there is a rolling backlog for renewing expired permits and processing major permit applications (New, Renewal and Major Modifications). Since this work already constitutes the majority of the BMRR Regulation Branch workload, all applicants are expected to claim preferential expediting status under this bill. In order to expedite a permit application, additional staff would be required in order to increase pace on all permitting actions Branch-wide. The Regulation Branch currently maintains four permit writer positions with 39 average projects per person. Two additional permit writers would be able to expedite the permitting process and reduce the permitting time, overall.

The positions are budgeted for a July 1 hire date because it can take a year or more to fully train a new permit writer. This is affected by the ability to find qualified staff to fill the positions quickly, new hire regulatory experience; and experience with the mining industry.

#### Expense for New Positions:

Professional Engineer Year 1 = \$152,781.00; Year 2 = \$150,199.00

Professional Engineer Year 1 = \$152,781.00; Year 2 = \$150,199.00

Total Year 1 = \$305,562.00; Year 2 = \$300,398.00

Given the assumption that the majority of the existing workload would claim expedited status, there is no significant new revenue associated with the cost to increase pace of permitting in BMRR. No offsetting revenue is included.

#### ***Sec. 10 - “Partial Reimbursement of a fee”***

“Partial reimbursement of a fee” is not defined in the bill. The bill is also silent on the intention for the partial reimbursement to apply to initial applications for a permit, or an intent to include an application to renew a permit; lacking specificity, the Nevada Division of Environmental Protection (NDEP) has included both new and renewal application fees.

The BMRR groundwater protection permitting program received \$477,390 in application fee revenue in FY16. Even a 50% reimbursement of fees would negatively impact this program that is 100% fee funded.

Loss of Revenue: \$238,695 per year

### ***Sections 23-28 Related to NRS 519A***

Reclamation permit applications are highly technical in nature and require thorough scientific and engineering review to ensure that they comply with applicable regulations, protect waters of the State, and create an acceptable post mining land use. It is important to understand that processing and refining of ores or metals constitutes the majority of the work conducted by the BMRR Reclamation Branch.

During calendar year 2016, the BMRR Reclamation Branch was able to keep up with permit actions. Since this work already constitutes the majority of the BMRR Reclamation Branch workload, all applicants are expected to claim preferential expediting status under this bill. In order to expedite a permit application without creating a new backlog in this program, additional staff would be required. The Reclamation Branch currently maintains five permit writer positions and the average staff person carries nearly 60 projects. An additional permit writer would be able to expedite reclamation permits as required by this bill if the general workload remains relatively constant and another mining boom does not occur. The position is budgeted for a July 1 hire date for the reasons discussed above.

### Expense for New Position:

Environmental Scientist 3 Year 1 = \$117,264.00; Year 2 = \$119,202.00

Given the assumption that the majority of the existing workload would claim expedited status, there is no significant new revenue associated with the cost to increase pace of permitting in BMRR. No offsetting revenue is included.

## **2) Estimated Fiscal Effect for the Bureau of Air Pollution Control:**

### ***Sections 17-21 & 24 Related to NRS 445B***

The Bureau of Air Pollution Control (BAPC) currently has approximately 140 active permits from approximately 90 facilities that would potentially fall under the provisions of this bill. The Air program has been improving its business processes in order to streamline the permitting process. However, considering that the Air program still has a backlog of approximately 270 permitting applications, it's fair to assume that this BDR would introduce a heavy work load just from existing facilities that process or refine ores that will claim expedited status under this bill.

Based on a three-year average, 80 applications could require an expedited process and existing permit writers each process approximately 20 permits a year. If "expedited" means that the time required to process them is reduced by half, BAPC would need 8 new permit writers to accommodate the expedited workload while existing staff continue to address the existing backlog. The Air program proposes to hire at least 5 additional staff as permit writers to address the requirements of this bill. The positions are budgeted for a July 1 hire date for the reasons discussed above for BMRR.

### Expense for New Positions:

Professional Engineer Year 1 = \$152,781.00; Year 2 = \$150,199.00

Professional Engineer Year 1 = \$152,781.00; Year 2 = \$150,199.00

Professional Engineer Year 1 = \$152,781.00; Year 2 = \$150,199.00

Professional Engineer Year 1 = \$152,781.00; Year 2 = \$150,199.00

Professional Engineer Year 1 = \$152,781.00; Year 2 = \$150,199.00  
Total Year 1 = \$763,905.00; Year 2 = \$750,995.00

Given the assumption that the majority of the existing workload would claim expedited status, there is no significant new revenue associated with the cost to increase pace of permitting in BAPC. No offsetting revenue is included.

### 3) Estimated Fiscal Effect for the Bureau of Water Pollution Control:

#### ***Sections 10-16 Related to NRS 445A***

The Bureau of Water Pollution Control (BWPC) issues permits related to mining facilities that process or refine ores or metals, wherein the facilities discharge to Waters of the United States under the National Pollutant Discharge Elimination System (NPDES) or the Underground Injection Control (UIC) programs.

#### **Discharge Permit Program:**

The BWPC Permits Branch has a backlog of permit renewals to process for 39 out of 94 existing NPDES permits, with 10 of the permittees falling under the category of “processing or refining of ores or metals”. The Branch has experienced significant employee turnover in FY16-17, but has recently reached full staffing and is expecting to make headway on the backlog. Expedited permitting activity would further delay renewals or issuance of new permits throughout the program. An additional permit writer would be able to expedite permits as required by this bill. The position is budgeted for a July 1 hire date for the reasons discussed above for BMRR.

#### **Expense for New Position:**

Professional Engineer Year 1 = \$152,781.00; Year 2 = \$150,199.00

#### **UIC Program:**

The UIC program currently has 2 permits for mine dewatering injection using Class 5 wells. If the majority of new applications were for UIC activities, such as those potentially related to lithium mining, a new position would be required based on workload. The UIC program allows for, but does not currently have any permittees, conducting in-situ solution mining under the Class 3 well program. New mining activity that uses Class 3 wells would be a significant increase in program scope.

The UIC program currently handles approximately 45 active permits using one full time staff person. One new Environmental Scientist 3 is proposed to handle additional workload associated with this bill. The position is budgeted for a July 1 hire date for the reasons discussed above for BMRR.

#### **Expense for New Position:**

Environmental Scientist 3 Year 1 = \$117,264.00; Year 2 = \$119,202.00

New Revenue Offset Year 1= -\$9,062.00; Year 2 = -\$725.00

Total Year 1 = \$108,202.00; Year 2 = \$118,477.00

The UIC program could receive new revenue associated with the new project assumptions listed below. A minor offset of \$9,062 in Year 1 and \$725 in Year 2, is included in the total expenses for the bill.

#### ***Sec. 10 - “Partial Reimbursement of a fee”***

“Partial reimbursement of a fee” is not defined in the bill. The bill is also silent on the intention for the partial reimbursement to apply to initial applications for a permit, or an intent to include an application

to renew a permit; lacking specificity, the Nevada Division of Environmental Protection (NDEP) has included both new and renewal application fees.

#### Discharge Permit Program:

The BWPC NPDES permitting program application fees for facilities of concern in the bill are flow-weighted with higher discharges resulting higher fees. Application fee range from \$2,000 - \$10,000 and the 10 permittees in this category have provided \$63,500 in application fees over the current 5-year permit cycle.

#### UIC Program:

Application fees in the UIC program are structured as follows:

Class 5 (dewatering/reinjection) - \$5,000 plus \$625/well application fee

Class 5 project with 3 wells: \$6,875

Class 3 (solution mining) - \$50/hr, estimated at 150-200 hours

Class 3 project estimate \$10,000 application fee

Estimated application fees affected by partial reimbursement assumes:

- expedited claim status for the 2 existing permittees at \$11,000 in renewal application fees, annualized to \$2,200/yr;
- 1 new Class 5 project with 5 wells at \$8,125 in year 1, with renewal fees of \$3,500, annualized to \$700/yr; and
- 1 new Class 3 project with 5 wells at 200 hours of staff review time for \$10,000 in year 1, with renewal fees of \$3,750, annualized to \$750/year.

The reimbursement of a fee is estimated at 50%. The remaining amount of net fees received would not cover the program costs.

Loss of Revenue Discharge Permitting Program: \$6,350/yr (annualized)

Loss of Revenue UIC Program: Year 1 = \$10,163; Year 2 (and beyond) = \$1,825

#### **4) Estimated Fiscal Effect for Regulation Development and Processing through the State Environmental Commission:**

##### ***Sections 10, 17 & 25 Related to Adoption of Regulations***

The bill requires the State Environmental Commission to adopt regulations to establish and implement an expedited process for review of applications and related items. The bill requires change to three sections, specifically NAC 445A, NAC 445B and NAC 519A. The total expenses for this element include regulation development by the affected Bureaus, workshops, LCB review costs, newspaper advertising, hearings, and related expenses.

Regulation Development: Year 1 = \$32,580

#### ***Total Expenses:***

***Year 1 = \$1,480,294 Year 2 = \$1,299,271***

#### ***Total Loss of Revenue at 50% reimbursement:***

***Year 1 = \$255,208, Year 2 (and beyond) = \$246,870***

## Section B1: Summary by GL

Budget Account: 3185 DCNR - DEP AIR QUALITY

Item No	Description	Actual 2015-2016	Work Program 2016-2017	W03 Year 1 2017-2018	W03 Year 2 2018-2019
<b>EXPENDITURE P.E. 40/10</b>					
<b>01</b>	<b>PERSONNEL SERVICES</b>				
5100	SALARIES	0	0	87,550	87,550
5200	WORKERS COMPENSATION	0	0	1,706	853
5300	RETIREMENT	0	0	12,695	12,695
5400	PERSONNEL ASSESSMENT	0	0	251	260
5500	GROUP INSURANCE	0	0	8,916	8,891
5700	PAYROLL ASSESSMENT	0	0	85	83
5750	RETIRED EMPLOYEES GROUP INSURANCE	0	0	2,329	2,233
5800	UNEMPLOYMENT COMPENSATION	0	0	97	127
5840	MEDICARE	0	0	1,269	1,269
	TOTAL FOR CATEGORY 01	0	0	114,898	113,961
<b>03</b>	<b>IN-STATE TRAVEL</b>				
6200	PER DIEM IN-STATE	0	0	700	700
	TOTAL FOR CATEGORY 03	0	0	700	700
<b>04</b>	<b>OPERATING</b>				
7000	OPERATING	0	0	1,675	1,675
7050	EMPLOYEE BOND INSURANCE	0	0	2	2
7054	AG TORT CLAIM ASSESSMENT	0	0	99	97
7104	STATE OWNED BUILDING RENT	0	0	3,736	3,736
7289	EITS PHONE LINE AND VOICEMAIL	0	0	138	125
7460	EQUIPMENT PURCHASES < \$1,000 PHONE	0	0	90	0
	TOTAL FOR CATEGORY 04	0	0	5,740	5,635
<b>14</b>	<b>INDIRECT COST</b>				
7000	<del>OPERATING</del> IDC 25-26 %	0	0	29,023	28,787
	TOTAL FOR CATEGORY 14	0	0	29,023	28,787
<b>26</b>	<b>INFORMATION SERVICES</b>				
7533	EITS EMAIL SERVICE	0	0	175	175
7554	EITS INFRASTRUCTURE ASSESSMENT	0	0	196	212
7556	EITS SECURITY ASSESSMENT	0	0	94	129
8371	COMPUTER HARDWARE <\$5,000 - A COMPUTER	0	0	1,355	0
	TOTAL FOR CATEGORY 26	0	0	1,820	516
<b>30</b>	<b>TRAINING</b>				
6100	PER DIEM OUT-OF-STATE	0	0	600	600
	TOTAL FOR CATEGORY 30	0	0	600	600

State of Nevada - Budget Division  
Line Item Detail & Summary  
2017-2019 Biennium (FY18-19)

Item No	Description	Actual	Work Program	W03	W03
		2015-2016	2016-2017	Year 1 2017-2018	Year 2 2018-2019
	TOTAL EXPENDITURES FOR BUDGET ACCOUNT 3185	0	0	152,781	150,199

State of Nevada - Budget Division  
Payroll/Position Detail  
2017-2019 Biennium (FY18-19)  
W03 NEW POSITIONS FOR BILL

## Section A: Position Detail

Budget Account: 3185 DCNR - DEP AIR QUALITY

Type	Description	PCN	Class	Gd Step	Add Gd	Anv Mo	St	End	Ret Cd	FTE Actual	FTE WP	FTE Y1	FTE Y2 MI	2017-2018		2018-2019		
														Salary	Benefits	Salary	Benefits	
E670 SALARY ADJUSTMENT FOR 2017-2019 BIENNIUM																		
0001 XXX																		
4	PROFESSIONAL ENGINEER	000001	06226	40-10	0	7	7-17	6-19	1	0.00	0.00	1.00	1.00	Y SUM	87,550	27,347	87,550	26,411
TOTAL FOR LINE ITEM POSITION GROUP 0001										0.00	0.00	1.00	1.00		87,550	27,347	87,550	26,411
TOTAL FOR DECISION UNIT E670										0.00	0.00	1.00	1.00		87,550	27,347	87,550	26,411
TOTAL FOR BUDGET ACCOUNT 3185										0.00	0.00	1.00	1.00		87,550	27,347	87,550	26,411



## Section B1: Summary by GL

Budget Account: 3185 DCNR - DEP AIR QUALITY

Item No	Description	Actual 2015-2016	Work Program 2016-2017	W04 Year 1 2017-2018	W04 Year 2 2018-2019
<b>EXPENDITURE</b>	<b>ES III 3617</b>				
<b>01</b>	<b>PERSONNEL SERVICES</b>				
5100	SALARIES	0	0	63,830	66,670
5200	WORKERS COMPENSATION	0	0	1,512	881
5300	RETIREMENT	0	0	9,255	9,667
5400	PERSONNEL ASSESSMENT	0	0	251	260
5500	GROUP INSURANCE	0	0	8,916	8,891
5700	PAYROLL ASSESSMENT	0	0	85	83
5750	RETIRED EMPLOYEES GROUP INSURANCE	0	0	1,698	1,700
5800	UNEMPLOYMENT COMPENSATION	0	0	70	96
5840	MEDICARE	0	0	926	967
	TOTAL FOR CATEGORY 01	0	0	86,543	89,215
<b>03</b>	<b>IN-STATE TRAVEL</b>				
6200	PER DIEM IN-STATE	0	0	700	700
	TOTAL FOR CATEGORY 03	0	0	700	700
<b>04</b>	<b>OPERATING</b>				
7000	OPERATING	0	0	1,675	1,675
7050	EMPLOYEE BOND INSURANCE	0	0	2	2
7054	AG TORT CLAIM ASSESSMENT	0	0	99	97
7104	STATE OWNED BUILDING RENT	0	0	3,736	3,736
7289	EITS PHONE LINE AND VOICEMAIL	0	0	138	125
7460	EQUIPMENT PURCHASES < \$1,000 <b>PHONE</b>	0	0	90	0
	TOTAL FOR CATEGORY 04	0	0	5,740	5,635
<b>14</b>	<b>INDIRECT COST</b>				
7000	<del>OPERATING</del> <b>IDC 25.26%</b>	0	0	21,861	22,536
	TOTAL FOR CATEGORY 14	0	0	21,861	22,536
<b>26</b>	<b>INFORMATION SERVICES</b>				
7533	EITS EMAIL SERVICE	0	0	175	175
7554	EITS INFRASTRUCTURE ASSESSMENT	0	0	196	212
7556	EITS SECURITY ASSESSMENT	0	0	94	129
8371	COMPUTER HARDWARE <\$5,000 - A <b>COMPUTER</b>	0	0	1,355	0
	TOTAL FOR CATEGORY 26	0	0	1,820	516
<b>30</b>	<b>TRAINING</b>				
6100	PER DIEM OUT-OF-STATE	0	0	600	600
	TOTAL FOR CATEGORY 30	0	0	600	600

State of Nevada - Budget Division  
Line Item Detail & Summary  
2017-2019 Biennium (FY18-19)

3/17/17 12:45 PM

Item No	Description	Actual	Work Program	W04	W04
		2015-2016	2016-2017	Year 1 2017-2018	Year 2 2018-2019
	TOTAL EXPENDITURES FOR BUDGET ACCOUNT 3185	0	0	117,264	119,202

State of Nevada - Budget Division  
Payroll/Position Detail  
2017-2019 Biennium (FY18-19)  
W04 NEW POSITION FOR BILL ESIII

## Section A: Position Detail

Budget Account: 3185 DCNR - DEP AIR QUALITY

Type	Description	PCN	Class	Gd Step	Add Gd	Anv Mo	St	End	Ret Cd	FTE Actual	FTE WP	FTE Y1	FTE Y2 MI		2017-2018		2018-2019	
															Salary	Benefits	Salary	Benefits
<b>E670 SALARY ADJUSTMENT FOR 2017-2019 BIENNIUM</b>																		
<b>0001 XXX</b>																		
4	ENVIRONMENTAL SCIENTIST 3	000002	10525	36-7	0	7	7-17	6-19	1	0.00	0.00	1.00	1.00	Y SUM	63,830	22,712	66,670	22,545
TOTAL FOR LINE ITEM POSITION GROUP 0001										0.00	0.00	1.00	1.00		63,830	22,712	66,670	22,545
TOTAL FOR DECISION UNIT E670										0.00	0.00	1.00	1.00		63,830	22,712	66,670	22,545
TOTAL FOR BUDGET ACCOUNT 3185										0.00	0.00	1.00	1.00		63,830	22,712	66,670	22,545